



North Carolina Department of Health and Human Services  
**Division of Budget and Analysis**  
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Allyn E. Guffey, Director

May 6, 2003

**MEMORANDUM**

To: Division Directors  
Office Directors  
Budget Officers

From: Allyn E. Guffey, Director  
Division of Budget & Analysis

Subject: Mileage Reimbursement Policy

The Department of Health and Human Services has a standard mileage reimbursement policy for all DHHS employees when driving their personal vehicles on state business. Initially, authorization was granted to each division to reimburse employees mileage at the rates allowed by the State Budget Manual. Earlier versions of the State Budget Manual had prescribed certain rates if the round trip was less than 60 miles and a lower rate if the round trip mileage was greater than 60 miles. In a memorandum dated April 15, 2003 from David McCoy, State Budget Officer, agencies were notified that the motor fleet rate was reduced from \$0.23 per mile to \$0.22 per mile for travel occurring on and after April 1, 2003. The memorandum (copy attached) went on to say that employees electing to drive their personal vehicles in lieu of using a motor fleet vehicle will be reimbursed at the motor fleet rate of \$0.22 per mile. While this memorandum specifies April 1, 2003, the memo was not received by DHHS until April 25. We will not make the reimbursement change that far retroactive.

The purpose of this memorandum is to state the Department's mileage reimbursement policy as modified by the direction provided by OSBM. This memo also includes the IRS rates to be used for mileage incurred on or after January 1, 2003 which was communicated earlier.

Employees who have a physical condition that requires them to operate vehicles equipped to accommodate their specific needs are exempt from these policies and will be reimbursed at the IRS rate provided they drive a vehicle with the necessary equipment for their specific need. For example, an employee who must have a vehicle equipped with hand controls for acceleration or braking is exempt from these policies since such vehicles are not available from central motor pool. Division Directors should issue a memorandum of exemption citing the equipment needs to each employee requiring special equipment

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on their vehicle and these employees should attached to each travel reimbursement request a copy of this exemption.

All other employees should comply with the mileage reimbursement policies as outlined below.

### **Departmental Mileage Reimbursement Policies:**

- 1) Employees who have access to motor pool or to motor pool vehicles permanently assigned to their agency may continue to use these vehicles if that is their preference. Department employees will not be required to drive their personal vehicle when a state vehicle is preferred and available.
- 2) For employees driving their personal vehicle, map mileage is reimbursable. Mileage is measured from the closer of duty station or point of departure to destination and return.
- 3) With the approval of the supervisor, employees may elect to drive their personal vehicle versus driving a motor pool or a permanently assigned agency vehicle. Employees who elect to drive their personal vehicle will be reimbursed as follows:
  - For round trip mileage of 60 miles or less, reimbursement will be at the IRS mileage rate.
  - Effective with travel beginning May 1, 2003 and afterwards and for round-trip mileage in excess of 60 miles, employees may elect to drive their personal vehicle versus driving a motor pool or an agency assigned vehicle. Employees making this election will be reimbursed at the prevailing motor pool rate.
- 4) Employees who do not have access to Motor Pool and / or to an agency assigned motor fleet vehicle will be reimbursed at the prevailing IRS mileage rate regardless of the mileage involved in the trip. Access to Motor Pool is presumed if the employee's headquarters is Raleigh or Wake County. Lack of access must be documented and attached to the travel reimbursement request. Lack of access is defined as:
  - (A) a Motor Pool vehicle was not available as documented by attaching an FM-2 form to your travel reimbursement request which has been stamped and signed by Motor Pool indicating that a vehicle was not available on the particular date the trip started, and
  - (B), if applicable, there was not an agency assigned vehicle available which must be documented by a signed statement from the employee's supervisor that an agency assigned vehicle was not available for this particular trip. Supervisors of employees who have access to permanently assigned vehicles will be responsible for optimizing the benefit of having these vehicles by scheduling these vehicles for the maximum benefit of the agency.
- 5) Employees who qualify for a permanently assigned state vehicle or who's normal job responsibilities would cause them to incur sufficient mileage on an annual basis to qualify for a permanently assigned state vehicle and choose to drive his or her personal vehicle will be reimbursed at the motor pool rate. The State Budget Manual (effective November 1, 2001) cites in Section 5, Page 25, under Transportation, that state departments must periodically review employee duty stations for the purpose of determining the cost effectiveness of having a state vehicle permanently assigned to the duty station location. If found to be cost-effective, state-owned vehicles should be requested for assignment on a permanent basis.

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- 6) Mileage reimbursement rates set by any law by reference to G.S. 138-6(a)(1), mileage reimbursement rates for members of State Boards, Commissions, Committees, and Councils are established at 25 cents per mile, not the IRS rate.

In this memo, the motor pool mileage reimbursement rate is twenty-three cents per mile (\$0.23 / mile) for travel occurring prior to May 1, 2003 and is twenty-two cents per mile (\$0.22 / mile) for travel occurring on or after May 1, 2003. The IRS business mileage reimbursement rate for mileage incurred on or after January 1, 2003 is thirty-six cents per mile (\$0.36 / mile). The motor pool rate referenced is the rate charged for the use of a standard issue passenger vehicle for short duration trips.

If you have any questions about this policy, please contact your analyst in the Division of Budget & Analysis.

Attachment

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